

## USING PHONY AUTO INSURANCE CARDS CAN HAVE TRAGIC CONSEQUENCES

Office of Insurance actively pursuing cases

FRANKFORT, Ky. (Sept. 28, 2004) - The use of phony automobile insurance cards can leave taxpayers stuck with a big bill, according to the Kentucky Office of Insurance (KOI).

Case in point: James Ray Burkhead, 26, used a phony insurance card to register a motor vehicle in Jefferson County in August 2001.

Two months later, his brother, Thomas Burkhead, used the vehicle to run down a man in a drug dispute. The victim, Jackson Schildknecht, was left a quadriplegic and eventually died.

Thomas Burkhead got 15 years in prison for assault. Because Burkhead did not actually have auto insurance coverage, taxpayers got the bill for Schildknecht's medical treatment – over \$98,000.

James Burkhead was sentenced in August to five years of probation and fined \$1,000. He also was ordered to pay \$3,000 to reimburse the KOI Fraud Investigation division. The penalty for felony insurance fraud – meaning fraud involving more than \$300 – is up to five years in prison, a fine of as much as \$10,000 or both.

"While this case may stand out because of its tragedy, we know that similar stories are playing out each day across the country," said Martin J. Koettters, executive director of KOI. "We are committed to actively pursuing prosecution in these cases. Auto insurance is mandatory in Kentucky and we will be aggressive in our efforts to protect innocent Kentucky motorists."

Koettters cited House Bill 29, passed during the 2004 General Assembly, as a positive step in the continuing battle to identify uninsured motorists. The bill, sponsored by Rep. Ron Crimm, goes into effect on Jan. 1, 2006. It will require all insurance companies writing automobile insurance in Kentucky to send a list of vehicle identification numbers (VIN) and policyholders to the Transportation Cabinet's Department of Vehicle Regulation by the 15th of each month. This will be kept in the Kentucky Vehicle Information System's (KVIS) database and will be accessed by county clerks. Unless the VIN is found in the database, the county clerk cannot process an application for, or issue, a title, registration, replacement plate, duplicate registration, transfer of registration or temporary tag.

"We commend the legislature for taking this important step and are hopeful that making this information readily available on KVIS will be a deterrent to those who choose to break the law and drive without insurance," Koettters said.

The Coalition Against Insurance Fraud estimates that insurance fraud totals \$80 billion annually and may cost the average American family up to \$950 each year. The Insurance Research Council estimates that 14 percent of motorists nationwide drive without auto insurance and in some states, that number may be as high as 30 percent.

KOI is an agency of the Environmental and Public Protection Cabinet.